

LIVESTOCK GROSS MARGIN INSURANCE POLICY UNDERWRITING RULES

The Livestock Gross Margin Insurance Policy provides insurance against the loss of gross margin (market value of Swine minus feed costs) on the Swine described on the Application or Target Marketings Report.

A. Basic Principles

1. These underwriting rules ("Rules") govern the Livestock Gross Margin Insurance Policy as offered by the Federal Crop Insurance Corporation (FCIC) under the authority of Section 523(b) of the Federal Crop Insurance Act, as amended (7 U.S.C. 1523(b)).
2. The Livestock Gross Margin Insurance Policy is a livestock insurance product under the federal crop insurance program and is reinsured by the Federal Crop Insurance Corporation ("FCIC").
3. The provisions of the Policy may not be waived or varied in any way by the crop insurance agent, field representative, or any other agent or employee of FCIC or us.
4. If any portion of these Rules is inconsistent with the Livestock Gross Margin Insurance Policy then the rights and obligations of the insured and of the Company will be determined in accordance with the Livestock Gross Margin Insurance Policy.

B. Eligibility

1. Only agricultural producers ("Producers") of swine fed in the counties of Adair, Adams, Allamakee, Appanoose, Audubon, Benton, Black Hawk, Boone, Bremer, Buchanan, Buena Vista, Butler, Calhoun, Carroll, Cass, Cedar, Cerro Gordo, Cherokee, Chickasaw, Clarke, Clay, Clayton, Clinton, Crawford, Dallas, Davis, Decatur, Delaware, Des Moines, Dickinson, Dubuque, Emmet, Fayette, Floyd, Franklin, Fremont, Greene, Grundy, Guthrie, Hamilton, Hancock, Hardin, Harrison, Henry, Howard, Humboldt, Ida, Iowa, Jackson, Jasper, Jefferson, Johnson, Jones, Keokuk, Kossuth, Lee, Linn, Louisa, Lucas, Lyon, Madison, Mahaska, Marion, Marshall, Mills, Mitchell, Monona, Monroe, Montgomery, Muscatine, O'Brien, Osceola, Page, Palo Alto, Plymouth, Pocahontas, Polk, Pottawattamie, Poweshiek, Ringgold, Sac, Scott, Shelby, Sioux, Story, Tama, Taylor, Union, Van Buren, Wapello, Warren, Washington, Wayne, Webster, Winnebago, Winneshiek, Woodbury, Worth, Wright counties in Iowa are eligible for the Livestock Gross Margin Insurance Policy.
2. Eligibility for the Livestock Gross Margin Insurance Policy is determined exclusively by federal law and regulations promulgated, and as interpreted, by the FCIC and its Administrator, the United States Department of Agriculture Risk Management Agency.
3. The producer's Target Marketings for any month may not be more than the producer's Approved Target Marketings. Approved Target Marketings will be the lesser of:
 - A. 135% of the total swine inoculated for any disease in the previous insurance period, as determined by veterinary records;
 - B. 135% of total swine marketed in the same insurance period during the previous year as determined by marketing receipts, or;
 - C. The underwriting capacity limit as stated in the special provisions.

Approved Target marketings for new producers will be no more than the capacity of the producer's swine operation for the six-month insurance period as determined by the insurance provider.

C. Coverage

1. The Livestock Gross Margin Policy provides insurance only for the difference between the Gross Margin Guarantee and the Actual Total Gross Margin based on a Producer's Target Marketings and futures prices prior to and during the insurance period. This Policy does not insure against death or other loss or destruction of Swine.
2. The spring Insurance Period includes the months of February, March, April, May, June and July. The fall Insurance Period includes the months of August, September, October, November and December of the current year, and January of the following year.
3. This is a continuous policy and will remain in effect following the acceptance of the original Application unless cancelled by the Insured or the Company in accordance with the terms of the Policy. After the initial insurance period the producer must complete a Target Marketings Report by the Sales Closing Date of the next insurance period to be eligible for coverage in that Insurance Period.
4. The producer must elect the number of Swine to be insured for each month during the Insurance Period. This will be the producer's Target Marketings. Round Target Marketings to the nearest whole number.
5. All swine will be insured at 100% share.
6. The Date of End of Insurance for the spring Insurance Period is July 31 and the Date of End of Insurance for the fall Insurance Period is January 31.
7. The producer may select Coverage Level Percentages of 80%, 85%, 90%, 95%, or 100% to apply to all Target Marketings.
8. The producer's premium is due with the signed application for coverage in the initial insurance period and with the completed target marketings report in any subsequent insurance period.
9. All swine are assumed to be marketed at 260 pounds. This number will be expressed in hundredweight as 2.6 cwt. Swine insured in a Farrow to Finish Operation are assumed to consume 12.95 bushels of corn and 184.89 pounds of soybean meal. Swine insured in a Finishing Operation are assumed to consume 10.41 bushels of corn and 149.46 pounds of soybean meal.